

## Article - Education

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§18–1906.

(a) The Board shall adopt a comprehensive investment plan for the administration of the Trust.

(b) The plan shall specify the investment policies used by the Board in the administration of the Trust.

(c) Assets of the Trust shall be invested in accordance with the comprehensive investment plan.

(d) The comprehensive investment plan must indicate the percentage of assets that shall be held in each class of investment, the amount of funds held in any cash pool, the amount of funds held in fixed assets investments, the amount of funds held in equity investments, and the percentage and dollar value of assets placed with outside managers.

(e) (1) Notwithstanding any law restricting the deposit or investment of State money, the Board may place assets of the Trust in savings accounts or may use the assets to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or other investment products pursuant to the comprehensive investment plan.

(2) Any insurance, annuity contracts, savings, or other investment products procured by the Board shall be underwritten and offered in compliance with applicable federal and State laws.

(f) The Board shall make every effort to invest the assets of the Trust in a manner that earns, at a minimum, sufficient earnings to generate the difference between the prepaid amount under prepaid contracts and the average in-State tuition costs at public institutions of higher education in the State at the time that the benefits are exercised.

(g) The comprehensive investment plan shall provide for the Trust to be administered in an actuarially sound manner to assure that the Board may defray obligations of the Trust.

(h) The Board shall review the comprehensive investment plan at least annually to assure that the Trust remains actuarially sound.

(i) The Board may contract with an investment advisory or management company for the investment and management of the Trust as long as the Trust is administered in accordance with the comprehensive investment plan.

(j) The Board:

(1) Shall preserve, invest, and expend the assets of the Trust solely for the purposes of this subtitle; and

(2) May not loan, transfer, or use the assets for any other purpose of the State.

(k) The Trust is not subject to § 7-302 of the State Finance and Procurement Article.

(l) Unless the Board provides otherwise by regulation, the Board shall use the proceeds in the Trust in the following order:

(1) To pay eligible institutions of higher education in accordance with the Board's obligations under prepaid contracts;

(2) To refund money on the termination of prepaid contracts; and

(3) To pay the operating expenses of the Board.

(m) (1) Except as provided in paragraph (2) of this subsection, if the Board determines after an annual review that the market value of Trust assets exceeds the amount necessary to satisfy all scheduled payments currently due or scheduled to become due under all prepaid contracts by 30% or more, the Board may provide for a rebate from the excess to account holders of existing prepaid contracts in an amount to be determined by the Board.

(2) The Board may not rebate any amount to account holders if, within the 5 years immediately preceding the proposed rebate:

(i) The Board has requested an appropriation under § 18-1906.1 of this subtitle; or

(ii) The Trust has failed to repay to the State any appropriation under § 18-1906.1 of this subtitle.

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